

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: April 6, 2011
POSITION: Oppose

BILL NUMBER: SB 698
AUTHOR: T. Lieu

BILL SUMMARY: Workforce Development: High-Performance Boards

This bill would require the establishment of a process to identify high-performance workforce investment boards that will determine future funding allocations of federal Workforce Investment Act (WIA) funds.

FISCAL SUMMARY

The California Workforce Investment Board (Board) and the EDD anticipate additional workload to establish a program for determining the high-performing Local Workforce Investment Boards (LWIBS). Because WIA funding is limited, including funding for program administration, any increased effort in this area would result in an offsetting reduction in other required program oversight components. The Employment Development Department (EDD) indicates that state discretionary funds are likely to be significantly reduced based on the recently adopted federal budget. While still largely unknown, some interpretations of the federal budget indicate state discretionary funds could decrease from 15 percent to only 5 percent of the total WIA funds allocated to California.

As this measure focuses on the allocation of state discretionary funding allocated to LWIBs and the current federal budget could significantly decrease those funds, it is unlikely that funds will be available for any LWIBs let alone one defined as high-performance.

COMMENTS

The Department of Finance opposes this bill because it is unnecessary as each LWIB is evaluated every two years to ensure compliance with federal requirements and this measure would duplicate existing planning and evaluation activities of both the Board and EDD related to how the state allocates WIA funds. In addition, it imposes new requirements related to the allocation of limited WIA funds and is inconsistent with federal guidelines related to the state's discretion to take corrective actions against any LWIB that is not meeting performance goals. Lastly, if state discretionary funds are significantly reduced all available resources will be directed to supporting allocation and oversight of the local assistance funding provided under the WIA.

The federal WIA of 1998 prescribes various planning activities related to workforce development. The Board, established by the Governor to address these requirements, guides policy and planning efforts for workforce development in California and the EDD administers the allocation of WIA funding including audit and oversight of LWIBs. Existing law specifies that the Governor and the Board shall certify one LWIB for each local area in the state once every two years. Federal law further specifies that it is the state's discretion to take corrective actions against a LWIB that is not meeting performance goals.

This bill would require the Board to establish a process to determine the LWIBs that are high-performance, as specified. This bill would also specify that only boards identified as high-performance shall received federal WIA funds when state discretionary funds are allocated. These provisions only apply to 15 percent of the WIA funds awarded to California. The remaining 85 percent of the funds are allocated based on federal funding formulas and are not affected by this measure.

Analyst/Principal (0240) K. Shelton	Date	Program Budget Manager Todd Jerue	Date
--	------	--------------------------------------	------

Department Deputy Director	Date
----------------------------	------

Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS	Form DF-43 (Rev 03/95 Buff)
----------------------	-----------------------------

BILL NUMBER

SB 698

		SO	(Fiscal Impact by Fiscal Year)						
Code/Department	LA	(Dollars in Thousands)							
Agency or Revenue	CO	PROP							Fund
Type	RV	98	FC	2010-2011	FC	2011-2012	FC	2012-2013	Code
7120/Workforce In	SO	No	-----	See Fiscal Summary				-----	0890
7100/EDD	SO	No	-----	See Fiscal Summary				-----	0869
<u>Fund Code</u>	<u>Title</u>								
0869	Consolidated Work Program Fund								
0890	Trust Fund, Federal								